DECISIONS

computers & communications

UNATTENDED OPERATIONS: LET'S HEAR IT FOR NOBODY

EXCLUSIVE SURVEY:
SPENDING PLANS—AFTER THE CRASH

MIS PULLS OFF A
CORPORATE TAKEOVER

WHY FIBEROPTICS
MAKES SENSE NOW

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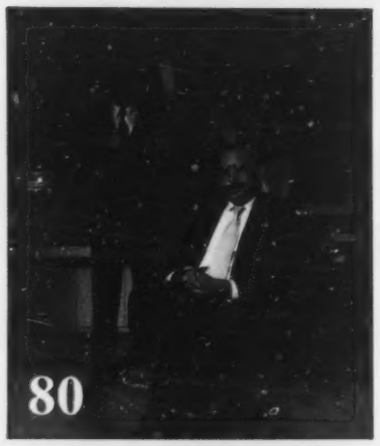

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EDITOR'S MESSAGE

Things Are Looking Up

First, let me apologize for the teaser headline. I don't mean "things" in general. And I'm referring specifically to our things rather than yours. Our main thing, of course, is this magazine, and one main reason it's looking up is because it's looking better. This issue marks the inaugural of certain, shall we say, format modifications that are intended to make the information normally contained in this magazine more easily recognizable and accessible . . . but there I go, fudging again.

The fact is this: We want the layouts to be more attractive, and therefore more compelling, so you will immediately recognize what's good for you, then read it—*all* of it—and give us eternal credit. Let's be straight about that.

However well we have done in this regard is primarily a result of the efforts of a duo, comprising our art director, Janine Gevas, and associate art director Vince Gallo. Janine joined us recently from the Ziff-Davis Publishing Company; Vince has been here for three years and was recently promoted from assistant art director. Having worked with a number of art directors, it is my experience that most would rather have root canal *sans* anesthesia than redesign a publication—even partially—at the same time they are involved in the day-to-day production of it. In this regard, however, Janine hit the ground running and has only complained behind my back, if at all.

For those of you to whom the graphic design changes seem, well, subtle, let me be the first to congratulate you on the accuracy of your perceptions. That's exactly what they are supposed to be . . . but there I go again.

Personally, I think the difference is dramatic. But I'm neither judge nor jury in this case; you are. Let us hear from you on any aspect of the magazine—design, content, scope, emphasis—you think could be changed for the better, and give us the rationale as it applies to information technology executives and managers like yourself.

If you do, we'll give *you* eternal credit.

Robin Nelson

Cover Photo:
Ralph Mercer (photo taken at Wang Laboratories Inc. Network Services Data Center, Lowell, MA)

THE DECISIONS/PAINE WEBBER SURVEY

AFTER THE CRASH

The fourth DECISIONS/Paine Webber survey of MIS Attitudes shows MIS managers in an uncertain economy adjusting budgets only slightly.

by Lee Keough

Forget the notion that a tumbling stock market will have a disastrous effect on computer spending. Most MIS managers haven't altered their 1988 budgets at all, according to the fourth DECISIONS/ Paine Webber survey of MIS attitudes. Of those that are reviewing budget plans, 21 percent say they are increasing spending; 28 percent are scaling back.

"There was some expectation that the crash would have a major impact on capital spending because pre-crash studies were very bullish for the computer industry," says Stephen K. Smith, first vice president at Wall Street brokerage Paine Webber Inc. "Even with a modest reduction in spending plans, I am very encouraged."

The survey was mailed in late November and processed in early December, more than a month after the market's historic October 19 crash, but before the more recent tumble last month, when computer stocks were among those hardest hit.

It should be no surprise that MIS managers working in government expect the deepest and widest cuts. A full 50 percent of those respondents expect to slash spending from previously planned levels. Twenty-two percent of those managers anticipate cuts of more than 10 percent. Only 13 percent of government MIS managers expect to increase

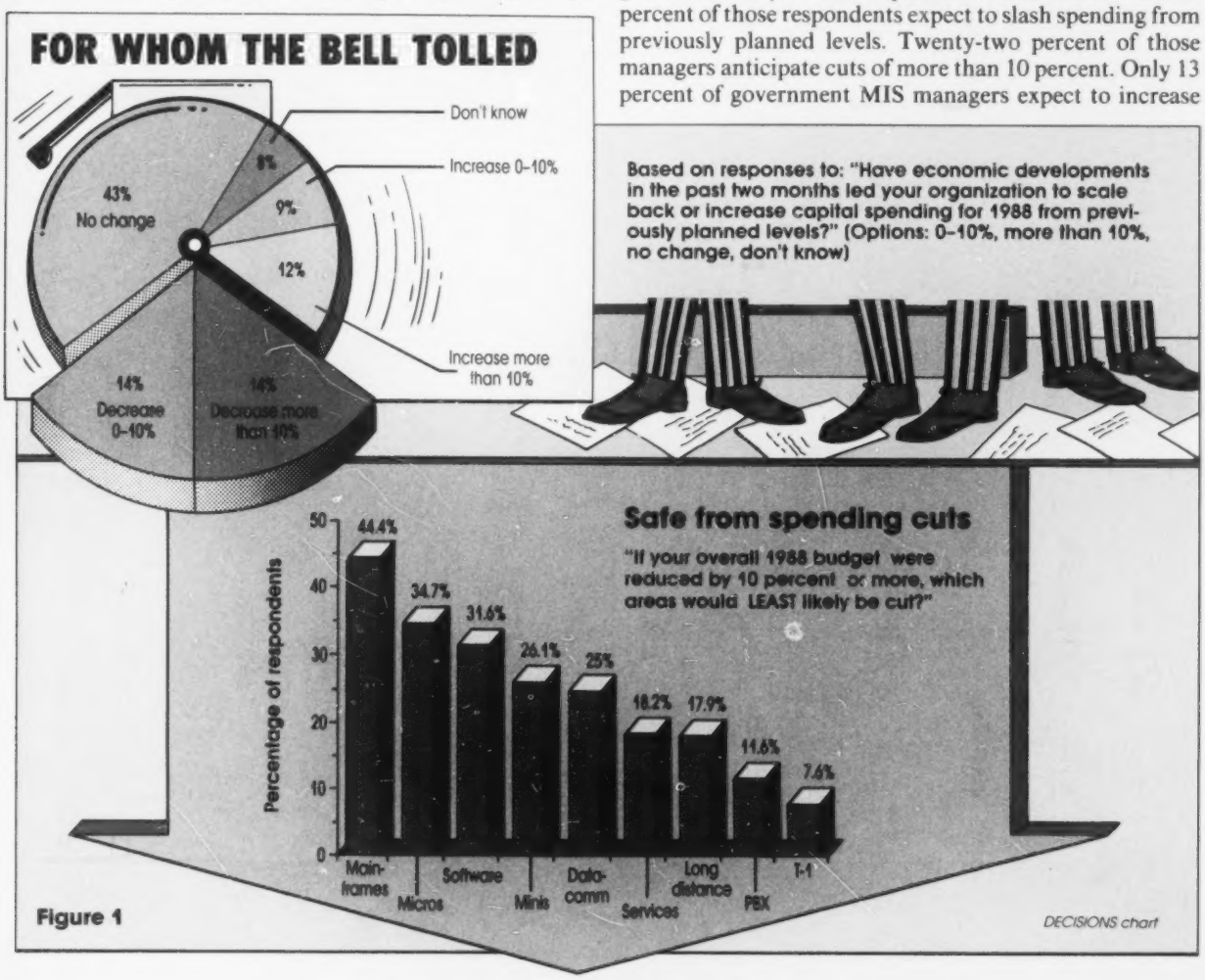

Figure 1

authority for communications, he notes. Even so, when survey respondents were asked whether spending patterns would change for the major communications vendors, only Intecom and Ericsson showed drops.

Other survey results support Smith's optimism. Capacity utilization has been growing in each of the DECISIONS/Paine Webber surveys. Sixty-eight percent of the respondents to the current questionnaire stated they are above 75 percent of their total mainframe and minicomputer capacity—the point at which Paine Webber believes users consider new purchases. Nearly 27 percent of all respondents say they are at 90 percent of capacity or above.

"That shows there's not a lot of fat in the system," says Smith, noting that excess capacity was blamed for the industry recession that began in 1985. And even though the micro segment of the market boomed in the second half of last year, hesitation to cut micro spending showed that "the micro market is not ahead of itself," as it was a couple of years ago, says Smith.

Another good sign for the industry is that about 48 percent of the respondents said they plan to increase spending on IBM—23 percent by more than 10 percent—contrasted with only 18 percent who plan to decrease spending on IBM products. The net change in spending plans on Digital Equipment Corp. equipment is even greater, as 43 percent of respondents say they will increase spending, and only 12 percent say they will decrease spending on DEC systems.

Three other hardware vendors that might expect better years based on survey results are Apple Computer Inc., Compaq Computer Corp., and Hewlett-Packard Co. Spending on Apple equipment shows a net increase of 27 percent, Compaq an increase of 22 percent, and Hewlett-Packard 16 percent.

The boost in spending for Hewlett-Packard products is a positive sign, says Smith, and might foretell a successful launch for the vendor's Spectrum product family, based on reduced instruction set computing (RISC) technology.

The most remarkable advance, however, is that of Apple. Apple has steadily increased its standing in the Vendor Popularity Index to the point at which it now leads all hardware vendors (see chart). And the net change in spending plans for Apple products has risen to 27 percent. "What's happening with Apple is extraordinary," observes Smith. "It shows that Apple has finally become a much more important player in the MIS world." Smith credits Apple's recent introduction of the Macintosh II as the primary contributor to this trend.

On the negative side, spending on systems from Wang Laboratories Inc. can be expected to drop once again. Respondents said they will spend an average of 5 percent less on Wang equipment. Smith sees some cause for optimism, however. Respondents' opinions of Wang are not as negative as they once were. "Wang seems to have stabilized," Smith says.

Microsoft remains the most popular software vendor, with opinion in each of our surveys steadily rising to its current 37 percent rating on the index. However, some results regarding Microsoft are less favorable. When asked what would influence plans to install Operating System/2 this year, 36 percent of the respondents said they see no need for OS/2. Opinion of OS/2 was less harsh in large IBM shops. Only 21 percent of respondents who have IBM 3090s installed said OS/2 is superfluous.

Still, these results may have a higher long-term impact on IBM more than on Microsoft, because Microsoft will continue to benefit from the universal acceptance of MS-DOS. Fifty-one percent of our respondents said they expect MS-DOS to remain important this year; only 41 percent said OS/2 will be important.

From these results, it is clear that large IBM shops are more likely to migrate quickly to OS/2 than smaller ones. Robert Therrien, Paine Webber's software analyst, says he expects OS/2 to catch on slowly—despite early acceptance of the PS/2 in both our survey and the market at large. "Many people will wait for in-house applications to be developed with OS/2 before migrating to it as the standard operating system," says Therrien.

Overall, the survey augurs a healthy, if not robust, year ahead for the computer industry. Smith says a combination of these results and the fact that computer vendors have addressed many networking weaknesses leads him to feel confident about 1988. "January and February may be slow, but overall, we should see some positive growth," he predicts. "There was a fear that we were at the same point now that we were in 1985, just before the computer industry took a dive. This survey shows no evidence of that whatsoever." D

Net percentage of changed opinions is depicted. The three highest and lowest scoring hardware, software, and communications vendors on the fourth survey—plus IBM—are represented.

DECISIONS chart

Vincent J Gallo